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[The Hon'ble the President]

"In regard to printing the proceedings in book form, that also has been considered and I understand from the Secretary that the change will be carried out after the recess. The press has started it in a particular form for the present session and it is now therefore impossible to go back upon it. As soon as we re-assemble after the recess, it will be possible to issue proceedings in the form desired by the Honourable Member.

"Does the Hon'ble Mr. Krishna Rao press his amendment in the light of what has taken place?"

Rao Bahadur A. S. KRISHNA RAO PANTULU:—"I do not think it necessary to press my amendment in view of the new arrangement which has been announced."

The amendment was by leave of Council withdrawn.

New Standing Order No. 80 and Standing Orders Nos. 13, 23, 55, 56 and 77, as amended, were on the motion of Mr. C. P. Ramaswami Ayyar (Advocate-General) seconded by Mr. A. Ramaswami Mudaliyar declared passed.

The Hon'ble the PRESIDENT:—"It will now be my duty under section 72 (D) (7) of the Government of India Act to submit these amendments to Standing Orders to His Excellency the Governor for his assent which I hope to communicate at a later sitting of the Council."

III

RESOLUTIONS ON MATTERS OF GENERAL PUBLIC INTEREST.

The Hon'ble the PRESIDENT:—"The Council will now proceed to deal with the resolutions on matters of general public interest and preference will have to be given to the resolutions adjourned from a previous meeting of the Council—two resolutions, one by the Hon'ble Member Mr. A. S. Krishna Rao and the other by the Hon'ble Member Mr. P. Siva Rao.

"I may remind the Council that the resolution moved by the Hon'ble Member Mr. A. S. Krishna Rao was:—

Transfer of an eighth share of excise revenue to local bodies—cont.

'15. That this Council recommends to the Government to transfer to the district boards an eighth share of the excise revenue collected within their respective areas.'

"That was seconded by the Hon'ble Member Mr. T. M. Narasimhacharlu.

"Then an amendment was put forward by Dr. Gilbert Slater and seconded by Mr. A. P. Patro. This having been accepted and supported by other speakers, the present debate must be considered to be a continuation of the previous debate and the Honourable Members will have to take it that it is so. Those Honourable Members who have already spoken cannot speak again on this resolution. It is a continuation of the previous debate and with this remark, I would ask the Honourable Members to continue the debate."

Mr. K. GOPALAKRISHNAYYA:—"I request that the amended resolution may be read not to the Council."

The Hon'ble the PRESIDENT:—"The amended resolution runs thus:—

'That this Council recommends to the Government to transfer to the district boards an eighth share of the excise revenue.'

"This amended resolution has been accepted by the original mover and it is this amended resolution that the Honourable Members have to discuss."

[Mr. M. Krishnan Nayar]

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Diwan Bahadur M. KRISHNAN NAYAR:—"May I know, Sir, whether the amendment has been accepted by the Council."

The Hon'ble the PRESIDENT:—"The acceptance of the Council will be known when there is a division upon it. I have already stated that the amended resolution is now before the Council for debate."

The Hon'ble Mr. C. G. TODHUNTER:—"Mr. President, I am afraid the Council have lost all interest in this postponed debate and so shall endeavour not to take up more time than I can possibly help."

"I have already mentioned that I should like to pay a tribute of thanks and admiration to the members of the Financial Relations Committee for their excellent report. I should like to add that I entirely agree with the Honourable Mover in a desire to escape from the old and pernicious system of doles. We have suffered long enough under that in the Provincial Government and now that we have escaped from it ourselves, we are very anxious that local bodies should continue under it no longer than we can help. I should, however, like to point out to the Council that there is this distinction to be drawn between the financial relations between the local Government and the Government of India and the financial relations between the local bodies and the local Government, namely, that the local Government subsidizes the Government of India, while the local bodies do not subsidize the local Government. On the other hand the local Government is looked upon as a common milch cow by both. At the same time, there is a distinction to be drawn between the local self-government department and the other departments under the local Government, namely, that the latter put all their receipts into the common pools and have to carry on with such sums as are allotted to them, while the local self-government department has its own resources from which it pays nothing into the common pool, but draws out of it continually increasing sums."

"While, therefore, as I have said, I highly appreciate the recommendations of the Financial Relations Committee, I do ask the House to agree that we cannot possibly undertake to carry out those proposals as a whole without considering what the total cost of them is going to be, nor again can we commit ourselves to individual items of the programme in advance of an examination of the cost of the whole."

"And here I should like further to lay stress on the fact that the general principle underlying all the proposals of the committee is that we should pay a share of the cost of services rendered, and therefore the most essential thing to be considered is how we are to adjust the relation of the shares to one another if we find that the total cost is more than we can afford to meet. I have been thinking a lot about this matter and the only way I can see so far of giving effect to these proposals of the committee is that we should first of all arrive at what I may call the ideal shares and then moderate them with reference to the proportion borne by the amount available to the total amount required. Thus, if we were to say we would give half the cost of roads and three-quarters of the cost of sanitary officers and so on for other services, and found that we had only half the money necessary to go round, the proportion would work out at one-fourth for roads and three-eighths for sanitary officers and so on."

"To come now to the particular proposal under discussion, I should like to point out in the first place that the proposal that we should give a lump sum of money to assist the general resources of local bodies is one which is directly contrary to the general principle which underlies all the other recommendations of the

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committee. The plan proposed is in fact one which is condemned in the most emphatic terms by the Financial Relations Committee itself. They say in paragraphs 168-170—

“As a form of subsidy, a share of the excise revenue amounts in effect to a grant-in-aid of general resources—a system which we have condemned except in three specific cases (Chapter II). It will produce greater inequalities than what it ostensibly seeks to obviate.”

“Again they say: ‘In the long run, the expenditure basis will be found to be more advantageous to a local body than getting a slice of revenue—albeit a growing one—for it may happen that the growth in the item of revenue may lag behind that in the volume of local expenditure. It is also unsafe to reckon on excise as a growing item. Excise is a transferred subject and the classes that are likely to come into power in the new Provincial Ministry are likely to be against developing the revenue from excise and in favour of decreasing consumption and working towards total prohibition.’

“Later on they say: ‘We are therefore decidedly against the substitution of a share of the excise revenue for all or any of the direct grants for services which we have proposed.’

“I should like to say here that there is to my mind very little difference whether the proposal in issue is one to impose a surcharge on the excise revenue or to take a direct share of it. As Honourable Members know, we have already put up the rates of excise duty as high as we possibly can and, as three of the members from the Ceded Districts have pointed out to us yesterday, we have already exceeded the limit of safety in doing this, and we have as a result an uncontrollable amount of illicit distillation. It is clear therefore that, in cases of this sort, it is quite impossible to add any further to the rates of taxation. If we do, the money will simply come out of something that is already being paid by the licensees, in other words, it makes no difference whether we call the contribution a surcharge or a share of the excise revenue. There is only a maximum sum which can be secured by increasing the taxation on intoxicants and if we give local bodies the one or the other we shall take it out of the revenue which would otherwise go to the exchequer.

“Now, this question of giving local bodies a share of the excise revenue was fully discussed by a Committee in England which the Financial Relations Committee have taken as their *guru*. I should like to read one or two extracts from the report of the Departmental Committee on Local Taxation in England and Wales.

“Experience indicates that the system under which the exchequer surrenders potential sources of revenue to local purposes is liable to be overthrown to meet the exigencies of imperial taxation.

“Nor has the desired separation of local and national finance been attained. The continuance of the revenues under the control of Parliament and the absence in most cases of any strong local character have prevented them from being regarded otherwise than as a part of the national system notwithstanding their payments to local authorities.

“Again regarding the national share of the cost of semi-national services the system is open to the very serious objection that the amount of the revenue bears no relation to the expenditure on these services either of the country as a whole or of the individual authority to which they are paid.

“Furthermore except in the case of the police grants and the grants to minor sanitary authorities the distribution of the revenue is free of all control, so that the system gives the Government no control over the administration of the

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services towards which it contributes. We consider that effective supervision by the Government of semi-national services should accompany the division of the burden.

“We recommend therefore that the present system of assigned revenues should be abolished and that Government subventions to local authorities should be in future restricted to semi-national services and be paid direct from the exchequer to the administering authorities.”

“Thus, the very system which the Honourable mover wishes now to introduce in the Madras Presidency is one which has been condemned in the United Kingdom.

“It may perhaps be urged that the analogy on which the proposal is based is not that of the English taxation, but the analogy of the land-cess. If this is what is suggested, I would say that at the time when the land cess was imposed, it was really a surcharge on the land tax, which was then the main revenue of the country, and further that it was imposed upon the cultivator who was the person who secured most of the benefit from the roads to which the cess was applied. There is no comparison between this imposition of a road-cess upon the people who benefit by the roads and the taking of a share of the revenue from intoxicants for the benefit of the people who do not consume the intoxicants. To put the matter in another way, what the proposal amounts to is that the more drink is drunk in a particular town, the more hospitals and schools and other amenities will the locality enjoy. As the Hon'ble Mr. Sivasankaram Pillai pointed out the other day, it involves putting a direct temptation in the way of local bodies to oppose any measures for the reduction of drink. At the same time, it makes their revenue variable and liable to be cut off at any moment by the passing of prohibitive legislation. The problem in concrete shape would be that, if we close the toddy shops, we must close our schools and hospitals.

“I hope Honourable Members will examine this aspect of the question, and especially the report of the English Committee, and will agree that the proper basis of the contribution to local bodies is not the amount of liquor drunk within the area under their jurisdiction, but the services which they render to the people of the same.”

Diwan Bahadur M. RAMACHANDRA RAO PANTULU :—“The Hon'ble the Finance Member stated that the recommendation of the Financial Relations Committee is a broad recommendation and cannot be followed by the Government and that it is somewhat inconsistent with the basis of the other recommendations which are based upon the system of semi-national services. Sir, I was a member of that committee and I did recognize at that time that the Hon'ble the Finance Member and perhaps Mr. Graham would convict us of inconsistency. We realized it fully. I think I must inform the House of the exact circumstances in which local bodies are situated at present. For the last ten years the question of developing village organizations has been very much discussed in this Council. At one time it was advocated in this Council that some system of passing on to village panchayats a portion of the kist raised in their respective jurisdiction should be devised. The system of doles for village panchayats was tried for one or two years and thereafter it was definitely put forward that the Government should commit itself to the policy of paying to the newly started village panchayats some equivalent of 3 pies on the kist that was levied in their respective jurisdictions. Well, Sir, we have now the new Village Panchayats Act. I was one of those that suggested that, if the scheme of developing village government is to be successful in this Presidency,

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there must be finance at the back of the scheme and to leave these villages to take care of themselves and to spend the resources levied under the Village Panchayats Act is not the best way of promoting village self-government in this Presidency. There must be something found for them in addition to the cess or rates which may be levied under the Village Panchayats Act. I ask the Honourable Members to consider that if the district boards and taluk boards are supposed to be responsible for the extension of the village panchayat system, what is the system of financing these new village panchayats. Under the Village Panchayats Act a village panchayat is empowered to levy a rate within its jurisdiction. I consider, Sir, that if this scheme of developing self-government in villages is to be successful, there must be some system of giving some help either through district boards or direct from Government. I consider that the best way of doing it is to set apart a portion of the excise revenue for the purpose of distribution to these village panchayats. That is the view that I placed before the committee amongst other views.

"The second main consideration which has induced me to suggest this assignment, in addition to the system of paying for certain services, is the fact that under the new Taluk Boards Act the responsibilities of taluk boards have been considerably increased. The whole responsibility for medical relief has been placed under the new Act on the taluk boards. The result has been that this distribution of functions between the district and taluk boards has made it so extremely difficult for taluk boards to make both ends meet, and to make up and balance their budget properly. During the last three months—I am certain that every member of the district board in this Council will bear me out—one great difficulty which we have experienced has been to induce taluk boards to re-examine their financial position and to readjust their liabilities with reference to their new responsibilities under the Local Boards Act. The budgets of these taluk boards will reveal the fact that they are hard put to make both ends meet. I therefore think that some help from the district boards will always be necessary to these taluk boards apart from the difficulties of the district boards themselves. Therefore if the whole system of self-government in regard to village panchayats and taluk boards should be a success, the district boards should be in a position to finance some of these bodies. That is one main consideration which I placed before the Honourable Members.

"As regards the general question as to the condemnation of the system of assigning revenues, which finds expression in the report of the Local Taxation Committee to which reference has been made, I admit that the Committee did condemn the system; but they have not found it possible to give up the system. It was introduced in the year 1888. It is extremely elastic, and I am sure the county councils and other local bodies in England liked it very much because they are not subject to any central control. The conditions are entirely different in the United Kingdom. These local bodies are more or less absolutely independent self-governing institutions. It was the object of the Central Government to develop their control by the system of paying for certain services, and that is how the central control came to be developed much later in the United Kingdom, whereas it has already been established in this country. I trust the Hon'ble the Finance Member will see the point of my remarks. The Central Government have certainly control enough and if these revenues are passed, they can certainly take away any additional amount remaining. But the main point which I wish to urge upon him is the poverty of the taluk boards and the absolute impossibility of working the scheme of village panchayats into a success. However, I should not be understood as overlooking the fact that the district boards themselves are in a position of

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great embarrassment. Apart from paying for certain definite services, their present financial position is such that some amount of relief is necessary by way of contribution generally to their funds. There is nothing at all unusual in this. We have 114 lakhs granted to the general resources of the local bodies. The Honourable Member himself admitted that it is on the analogy of the land cess. Therefore, I do not see how my honourable friend can object to giving us a little more funds for making both ends meet. It is quite a different matter as to how you are to find them. But on the broad grounds of policy, I think a combined system of paying for services with a system of contributing something towards general resources is absolutely sound. It has been put forward for years in this province and most of the local bodies have been asking for this contribution and it is perfectly consonant with past practice. Continuity of practice is fast becoming the policy of the present Government, and I trust that they will keep it up by passing something towards the general resources."

Diwan Bahadur T. DESIKA ACHARIYAR:—"I wish to know whether I am permitted to speak."

The Hon'ble the PRESIDENT:—"The Honourable Member has already spoken on the original resolution and I do not think I can permit him to speak again. The honourable members who took part in the debate on the last occasion are —

Rao Bahadur A. S. Krishna Rao (mover).

Rai Bahadur T. M. Narasimhacharlu (seconder).

Dr. Gilbert Slater (mover of an amendment).

Rao Bahadur A. P. Patro (seconder of the amendment).

Rao Bahadur T. Balaji Rao Nayudu.

Rao Bahadur K. S. Venkatarama Ayyar.

Diwan Bahadur T. Desika Achariyar.

Mr. G. Vandanam.

Mr. T. Sivasankaram Pillai.

Mr. M. D. Devadas.

Mr. T. A. Ramalingam Chetti.

Sriman Biswanath Das.

"At that stage an adjournment was moved by the Hon'ble Member, Mr. M. Ramachandra Rao, and supported by the Hon'ble the Finance Member. I do not think that honourable members who have already spoken can be allowed to speak again."

The Hon'ble Khan Bahadur MUHAMMAD HABIB-UL-LAH SAHIB Bahadur:—"Mr. President, if I intervene at this stage, I do so merely by reason of the fact that I had the honour to have been the president of the Financial Relations Committee, whose report is now being discussed, and, as I then held certain views on this matter which I still hold, I wish to make my position sufficiently clear before ever the stage for voting arises. For, I do not wish to be understood that I have given my adverse vote on this occasion as I am now on the side of the bureaucracy, or that my angle of vision has since changed, or that I have come into this Council with anything like fresh ideas different from those which pervaded my mind at that time. This was one of the questions, Sir, which was debated somewhat at great length and in which it was difficult to arrive at anything like a unanimous expression of opinion. The report of the Committee has also made it sufficiently clear that unanimity of opinion was impossible. For, the Committee found that it was face to face with certain views which, if accepted, would contradict the main and general recommendations which it had made in regard to the basic principles

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which should in future guide the financial relations of the Government on the one hand and of those of the local boards on the other. I am not quite sure, Sir, if my hon'ble colleague, Mr. Todhunter, has already quoted the significant passages from the report of the Committee. Even if he has done so, I think, Sir, I can crave the indulgence of the House for a minute and wish to read them again for the purpose of convincing the House that some of those expressions which find a place here were more or less in consonance with my own views on the matter. In paragraph 170 of the report dealing with the Abkari revenue we find this very significant statement: 'We are therefore decidedly against the substitution of a share of the excise revenue for all or any of the direct grants for services which we have proposed.' There is one other portion here, Sir, which would also make our position quite clear. We were at that time, though not fully but partially, aware of the fact that the provincial finances during the year 1921-22 will not be so flourishing as to permit the Local Government to willingly surrender a big portion of the slice from out of its own revenue, and we therefore stated that: 'The revenues of this province are not yet likely to be overflowing during the next seven years, and it is doubtful if the Government can both make the grants which we have proposed on the basis of the cost of the semi-national services, and also make a free gift of any substantial share of the excise revenue to local bodies.' Then, again, we continued examining the question, and in making our final recommendation we have made our position sufficiently clear in one of these sentences: 'We have not been able to arrive at any unanimity of opinion. Some of us would have preferred to gain experience of the working of the new Acts and of our proposed arrangements for subventions. Others seemed convinced of the necessity of providing an additional source of revenue at once for local bodies who might need it. After much discussion, and with considerable hesitation, the majority of us came to the conclusion that, instead of a share of the excise revenue of Government being made over, local bodies should be empowered to levy a surcharge on it at a rate not exceeding one anna in the rupee of all items of abkari revenue.' I have read these extracts merely to show that this question of the grant to local bodies of one anna in the excise was not a recommendation which met with universal or unanimous acceptance of the whole Committee, but that after it was fully discussed one portion of the Committee came to that conclusion. All the same, it is evident there was a difference of opinion, and I think from my position as the chairman of that Committee I laid certain figures before the Committee to show as to what the normal revenue of each local board and municipality had been and what its own share of the excise revenue will be if the Government accepted this recommendation, and I think I also made it sufficiently clear to them that this share of the excise revenue in some cases will be even more than the total revenue of particular local bodies; and I asked the question whether it was possible for any local board or municipality, if suddenly put in possession of that large money, to find opportunities for spending the same unless it was spent on hasty schemes. However, I think eventually the idea of the majority of the Committee was that some financial assistance was necessary and that, apart from the various systems evolved out of this Committee's report, some further opportunities might be given to the local bodies for the purpose of improving their own finances and a share in the Abkari revenue, which was being constantly urged by the heads of local bodies from the time the District Municipalities Act came to be revised, might be taken into consideration and a sort of recommendation made to the Government. Even this recommendation does not indicate, at any rate, the unanimous view of the whole Committee. It was my opinion then that it was not a fair recommendation to make, not that at that time I knew that I was going to be a

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part of the Government, nor did I at that time know what the real financial position of the province would be, but even then I was not quite keen on this recommendation."

Mr. F. J. RICHARDS:—"Sir, may I, in reply to my honourable friend Mr. Ramachandra Rao, say a few words on the subject of financing village panchayats? The 'dole habit' has become inveterate among certain local bodies. I have recently had occasion to study with some minuteness the administration reports of local boards for the year 1919-20. First as regards unions, the normal union is solvent. In some cases, very large balances have accumulated, balances amounting to from 40 to nearly 50 per cent of the revenues received. In other words, these unions are so lacking in initiative that they cannot spend the money which they actually receive in the form of revenue. But in spite of this in a good many district boards the dole habit is so inveterate that contributions of several thousands of rupees have been made by the local boards to these union panchayats in spite of their overflowing surpluses.

"Turning next to informal panchayats, the House no doubt is aware that a few years back a considerable sum of money was placed at the disposal of district boards for the purpose of financing informal panchayats. The usual procedure was to distribute this amount among the informal panchayats in lump sum grants. The money is given to the panchayats and they are told to spend. The panchayats, I may say, had not formulated in such cases specific proposals for spending. The result is what exactly might be expected. Informal panchayats are unprepared for the expenditure of this money, and hitherto they have utterly failed to spend it. The result is that a great deal of money is lying idle of which the local boards and the district boards might make very good use, and I must submit for the consideration of this House that this practice of placing funds at the disposal of these small infant bodies, without any guarantee as to what it is going to be spent on, is wasteful and against the public interest."

Mr. B. MUNISWAMI NAYUDU:—"Mr. President, Sir, the resolution is that the Provincial Government should be requested to give in aid of the resources of the local boards a fraction of the revenue now collected from excise. It has been said that local bodies have not availed themselves of their resources to the fullest extent, and that if they bestir themselves to do that, there will surely be any amount of money available for them. If we examine this, we shall find that their expectations are not at all correct. As I said yesterday, the only further item of taxation that has been given to local boards is the taxation under the Local Boards Act of 25 per cent in addition to what they have been hitherto levying. With regard to the district board, it is entitled to levy a taxation of one quarter of an anna for its purposes. Taking that as it is, so far as the services now under the control of the district boards are concerned, we have to meet a heavy deficit because we have to provide for a larger mileage of roads which have now come under second-class roads, and the Financial Relations Committee recommended that a large number of roads might be taken over from taluk boards and maintained. Secondly, we have to provide for the increased expenditure due to the revision which the local boards have also to share along with other departments of the Government. Taking all these matters into consideration and also the increase in the wages of labour, it is hardly possible to make both ends meet even if this tax is added to.

"The next thing is with regard to elementary education. We have been talking on the platform and in the press and everywhere that elementary education must be given compulsorily to all boys and girls, and that as soon as possible

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we must see that elementary education is spread and spread compulsorily. With that view, the District Elementary Education Act was passed and even there all that has been provided is a tax of 25 per cent on the income now raised. Taking that at its highest, that would not give more than about 11 lakhs, because land revenue is 728 lakhs as provided for in the present budget, and we are raising at the rate of one anna, and putting the additional tax at 25 per cent it would come to 1/64th of 728 lakhs which will be 11 lakhs. I pointed out yesterday that the capitation allowances paid to elementary school teachers came up to Rs. 8,79,000 at the rate of Rs. 4 per head. If we have also to revise the salaries of these elementary school teachers in accordance with the recommendations of the Salaries Committee of this House, it will not merely be 8 lakhs but double that amount that will be required and supposing, therefore, we raise 11 lakhs which under the District Elementary Education Act we can raise and another 11 lakhs is provided by the Provincial Government, we shall have 22 lakhs, out of which 16 lakhs would go for schools that we are already maintaining, and the balance of 6 lakhs will also be swallowed up by a further increase by the time we actually grant it. Because it has been my sad experience that when an increase is demanded we are not able to give it, and by the time we are able to give it, it is inadequate, because by that time wages increase again. In these circumstances, taking it that all the taluk boards and district boards come to the rescue, it will not be possible at all to get on with the schools now being maintained nor can the services be adequately paid. Now, I may point out that it has not been possible at all to increase the grant for medical institutions. The grants for sanitary purposes have been practically cut off from the present budget. In these circumstances, it is absolutely necessary that the resources of local bodies must be enhanced. A question has been raised as to the difference in attitude between tax-payer and ratepayer. The question has been exhaustively discussed by the Financial Relations Committee itself and that Committee was appointed for the purpose of deciding how far local boards and district boards have to aid themselves, and if the income was not sufficient and to what extent the Government should come to their aid. The Committee has considered all these things and has advised that the local boards may in aid of their resources be authorized to levy a surcharge on the excise revenue and before legislation to that effect is carried out, as a sort of transitory provision they said that one anna in the rupee on the excise revenue may be handed over to them and the Committee headed by the Hon'ble the Revenue Member fully came to that conclusion—it may be not unanimous, but yet they agreed with this view. The case has become harder and more pressing now. It was said yesterday with regard to various objections raised on the budget that there was every necessity for the provisions made in the budget under the various heads. One of the heads that was taken objection to was the increase in establishments made from time to time. It has been talked on the platform and elsewhere that we want more of co-operation and more of inspectors, and it has been said further that more of inspectors have been provided for because we wanted more of co-operation. Yes, Sir, we did want more of co-operation, and we also did ask for more of elementary education and more of roads. And if we now under the new regime that has just dawned want to begin in right earnest I would only request Members of the Government to bear in mind that, while in respect of various schemes which require development the Government propose that they should not be commenced till the Council finds new resources, we have come to tell the House and the Government that what the ryot really needs is providing elementary schools in his own village and making it possible for him to have village roads. The time may come when we may have

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more funds to have experiment made on industries, agriculture, etc. But in respect of such demands made on either side, I only hope that the honourable members of the Government will concede the wishes of this Council and of the members representing the grievances of the poor ryots. I have not heard anything at all yesterday that our claims on behalf of the ryots are unreasonable. All that was said was that the claims of the members were not unreasonable. I only wish that, while they concede that our demands are reasonable, we may be given preference in the matter of allotments under the budget. I submit, therefore, that we would rather have loans, co-operation, co-operative inspectors and other things later on, and that as we are very badly in need of elementary education, if every pie that could be spared were allotted for the purpose of expanding elementary education, it would be worth spending. In the circumstances, I commend this resolution to the acceptance of this House."

The Hon'ble Mr. P. RAMARAYANINGAR :—"Sir, much as I may like to have as much of provincial revenue assigned to the local bodies I must say that I am not in favour of Mr. Krishna Rao's resolution. Of course I do not agree with my hon'ble colleague Mr. Todhunter, when he says that the Local Self-Government is a department, which while it produces nothing takes away all the money from other departments. Sir, it is a department which supports other departments . . ."

The Hon'ble Mr. C. G. TODHUNTER (*interrupting*) :—"May I correct the statement, Sir? What I was endeavouring to say was that Local Self-Government department keeps its own resources while the other departments put all their resources into one common pool."

The Hon'ble Mr. P. RAMARAYANINGAR (*continuing*) :—"We are putting our resources into the common pool. The local bodies offer facilities to the other departments in the way of communications, etc.; without roads I do not think the Forest department will be able to give us any revenue; without education, Sir, without primary or secondary education, I do not think the departments of industries or agriculture will improve. Without light all have to grope in the dark. Without health all have to suffer from disease. For these reasons, I say, Sir, I do not agree with my hon'ble colleague, Mr. Todhunter."

"Sir, I oppose Mr. Krishna Rao's resolution for the following among other reasons. Mr. Krishna Rao asks for an assignment from a particular source of revenue. I think this assignment will be practically as bad and uncertain as the old dole system. Mr. Krishna Rao asks for this assignment on the ground that the grants which are available to the local boards are not adequate. Well, if the grants are not adequate, he can go in for grants for services rendered. The resolution as it stands cuts at the very root of the principles involved in some of the recommendations of the Financial Relations Committee. Those recommendations required grants only for services rendered, whereas this assignment is an indefinite assignment without any services being insisted on. Thirdly, the assignment will not be a definite source of revenue. Nobody can be sure of what revenue these local bodies will have, to go on with the administration. This year the local bodies' revenue may be X amount, next year who can be sure whether they will again have that X amount? For these reasons, Sir, I am afraid I cannot support Mr. Krishna Rao's resolution."

Rao Bahadur A. S. KRISHNA RAO PANTULU :—"I must congratulate the Hon'ble Minister for Local Self-Government on his trying to maintain the prestige of his department against the onslaught of his colleague the Hon'ble the Finance Member. He has entered a strong plea for the utility of the various services

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rendered by the Local Self-Government department and I join with him in stating that they are carrying on some of the most useful objects for which they require further funds and further consideration at the hands of the Hon'ble the Finance Member.

"Sir, much has been said as to the principle underlying this resolution and it has been urged that it is a reversion to the old system of contributing doles. The recommendation of the Financial Relations Committee in this respect was attacked both by the Hon'ble the Finance Member and also by the Minister for Local Self-Government and it was pointed out that it is at variance with their other recommendations to the effect that they can only claim money for services rendered. I need not say much on this question because the Hon'ble Member, Mr. Ramachandra Rao, anticipated me and justified the position taken up by the Finance Relations Committee with due regard to local conditions. Under existing conditions it is not possible to arrive at a satisfactory method of devising means of paying for services, nor is it possible to do away with the method of taking a portion of a specific item of the revenue. If the position taken to-day by the Hon'ble the Minister for Local Self-Government that we ought not to make an assignment of a fixed share of revenue is correct, I think it would probably be better for him to consider the propriety of the provisions made in the Local Boards Act of 1920. It was only last year, Sir, that the whole question was examined at considerable length by this Council and provisions were incorporated in the Act indicating that the Government may give a specific share of the excise revenue to local bodies and also continue to give grants to them. I only request the Members of this Council to consider whether, since these provisions were incorporated in that new Local Boards Act which is to be brought into force with the blessings of the Hon'ble the Minister on the 1st of April, circumstances have changed so far that we must not think of enforcing those provisions but find other means of improving the resources of local bodies. I would suggest that in view of the new provisions incorporated in the Act, we should continue to give effect to them till matters are fairly . . ."

The Hon'ble Mr. P. RAMARAYANINGAR (*interrupting*):—"The provisions referred to by the honourable mover are only enabling provisions."

Rao Bahadur A. S. KRISHNA RAO PANTULU:—"I quite realise it, Sir. I used the words 'new provisions' in my remarks. But even though they are enabling provisions, they clearly indicate the policy of the Government in suggesting a means of improving the resources of local bodies. I only followed up the position taken up by the Council last year and suggested that effect might be given to these provisions; and now even before any effect has been given to them, I am informed that we should think of other means. That does not at any rate indicate a continuity of the policy about which much has been said in this Council during the last few days.

"Coming to the merits of the proposals I would submit that, whatever form the aid might take, it may fairly be conceded that local bodies have no adequate resources even with the additional ways and means provided by the Local Boards Act. My honourable friend, Mr. Muniswami Nayudu, pointed out that even if the local boards availed themselves of the provisions of the Act and imposed additional land-cess, it would not be possible for them to make both ends meet, and if we take the trouble of examining the various budgets of district boards and of taluk boards it will be found even after applying also the pruning knife here and there, that one taluk board having provided for the full additional three pies cess, and having also

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asked for permission to levy a profession tax, found itself with a minus balance and asked that some useful dispensary might be abolished. What do you think, Sir, of that state of things? Is that a state of things which will commend itself to us? Here are local boards which having also made provision for additional loans, are landed in a deficit of nearly three-fourths of their ordinary income and are compelled to ask for grants. How is it possible for any local board to help this state of things? Again, Sir, the Honourable Member for Government frankly confessed that there had been a definite reduction in the grants made to local bodies. Attention has already been drawn to the omission of the provision of 8.79 lakhs which had been given for the purpose of increasing the pay of elementary school teachers by Rs. 4 per head. Grants were hitherto made for roads and bridges which have been practically taken away except to a small extent in 1921-22. It will again be found that there were specific provisions made in the budget allotment for minor sanitary grants year after year, but now in the revised estimate that amount has not been allotted notwithstanding that several applications have been pending from various local bodies. A provision of Rs. 20,000 was made for roads in the revised estimate for 1920-21 but for 1921-22 no such provision is made. Take medical buildings, it is the same. I am not talking of quarters for sub-assistant surgeons. Even there the grants which were hitherto made have been taken away. To add to these things, all the unspent balances, though the amount Rs. 4,25,000 is small, have been taken away. If we realize that the ordinary grants hitherto made to local bodies have been practically taken away, notwithstanding the increased demands on their purse, if we realize that it will not be possible for them even to maintain themselves in the present condition unless there is further augmentation of their resources, and if we realize that there is far greater scope for their doing more useful work if sufficient help is rendered, is it not, Sir, a reasonable request to make in this Council that some definite step should be taken to increase the resources of the local bodies in 1921-22 and place that increase in the budget? If the Hon'ble the Minister for Local Self-Government will give this Council the assurance that, after examining the budget further after the votes for grants have been passed after ascertaining what retrenchments are likely to be made and finding out what further resources can be found, he will be in a position to supplement the resources, I shall not quarrel with him; otherwise I would press my resolution to a division.

"If the Hon'ble the Minister for Education in his anxiety for elementary education can give an assurance to this House that he will take immediate steps, after the final stage of the budget is passed through, to find funds to give to the teachers of elementary schools their minimum wages I am not anxious to press this resolution. But we are in a stage where we have not even got an assurance that further funds will be found at the earliest possible opportunity."

The Hon'ble Diwan Bahadur A. SUBBARAYALU REDDIYAR :—"I cannot give any assurance to my friend of the kind that he wants. All that I can say is that I will consider the matter after the discussion on demands is over. That I have told him already."

Rao Bahadur A. S. KRISHNA RAO PANTULU :—"It is true, Sir, that my honourable friend the Minister for Education has stated that he will consider the matter. I think we have long been accustomed to these considerations. We have grown gray in these pious hopes of considerations. I can appreciate the difficulties of the Honourable the Minister. It is impossible to say now how much funds they can allot for a particular purpose. But is it too much to ask that they

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must make themselves bold to assure this House that they will do their best to improve the finances of the local bodies. If even this assurance they are not able to give, I must say that I am not satisfied and cannot rest content with the mere promise. I know that the Government are always considering our proposals. I do not want anybody to tell us that they are considering the demands from year to year and from month to month. If they cannot proceed an inch further than that I think there is no use. Therefore I submit that so long as I think that it is imperatively necessary for the sources of local bodies to be improved, so long as we feel that the means is that suggested by the local boards and also by the Financial Relations Committee, I have no other alternative in the absence of any assurance from the honourable member except to press this resolution."

The Hon'ble Mr. C. G. TODHUNTER:—"Mr. President, I really don't think that the fact that the Government have passed an enabling provision of the law makes very much difference one way or the other. Government have always been prepared to help local bodies either by a share of the cost of services rendered or by giving them grants. Hitherto they have adopted the policy of doles, but they have now referred the question to a body of expert doctors who have advised, as Mr. Richards has pointed out, that doles are having as stupefying an effect upon the financial conscience as dope, and they have therefore decided to abandon the practice. Mr. Ramachandra Rao points out to us that the practice is still continuing in England. I venture to correct him there. I am sure honourable members connected with the medical profession will bear me out when I say that, when a patient has contracted the habit of an intoxicating drug, it is not possible to cut off the supply all at once and it is not unusual to prescribe a limited and fixed dose for some time. This, I take it, is what has happened in England since the contributions from assigned revenues have been stereotyped at a fixed amount.

"It is said that I made an onslaught upon the Local Self-Government department. I wish to assure the House that I had no idea of making any such onslaught, or in any way of depriving that department of its fair share of the resources of the local Government. Again, it is complained that we have refused to give a definite undertaking regarding the payments to it. My answer to it is that we cannot at the present time give any definite assurance with reference to money not now in our hands. On the other hand, I am sorry to inform the House that I have three times since we began to discuss the budget had communications from the Accountant-General to the effect that he is being compelled to reduce our estimates of receipts. I am sorry to say that it is not open to us to amend the estimates of receipts at our will and pleasure as was suggested in the budget debate; while, on the other hand, we shall have to make the reductions which the Accountant-General intimates, which means that, even if we are able to reduce our expenditure, we shall require all the money that is taken away to make up the loss in the receipts so as to secure that we do not reduce the closing balance which we have reported to the Government of India. If the honourable member will be satisfied with an assurance that we will do our best, I shall be glad to give him that assurance on behalf of the Government as a whole.

"It seems to me, however, that the question really is not how much should be paid, but whether what is paid should be paid in one way or the other. We can pay in the shape of a share of services rendered or by a share of the revenue. If we increase the share of the services rendered, we set free the general funds of the local bodies which they are now spending on them and enable them to spend them on something else. If we adopt the opposite course and allot a lump grant,

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then the effect of that must be to reduce the payments we make towards services rendered. There are some honourable members who seem to think that they can have it both ways. I beg to assure them that it is quite impossible for us to find another 70 lakhs over and above everything else.

"Finally, I should like to say that it seems to me from this debate that there are several members of this House who would appear to combine in themselves the characters of the kindly Doctor Jekyll, who is always ready to consider the interests of the taxpayer, and the brutal Mr. Hyde, who loots him whenever he sees him. In the Financial Relations Committee, the two personalities were very evenly balanced and the result was a conflicting set of recommendations. In the budget debate which has just closed, Dr. Jekyll was very much in evidence in support of the taxpayer, and I hope that in voting on this motion he will again be in evidence and vote against the Mr. Hydes who are the enemies of the taxpayers."

Rao Bahadur A. S. KRISHNA RAO PANTULU:—"In view of the statement made by the Hon'ble Mr. Todhunter that he will do his best to improve the resources of the local bodies, I do not wish to divide the House and I withdraw my resolution."

The resolution was by leave withdrawn.

The following resolution standing in the name of Mr. P. Siva Rao Pantulu was deemed to have been withdrawn under Standing Order No. 56 as the Member was absent.

"16. That this Council recommends to the Government that the following recommendation of the Financial Relations Committee may be forthwith adopted:—"

"That, until such legislation is passed sanctioning the surcharge on the abkari revenue, the Government should make over, to such local bodies as may require such help, a sum not exceeding one anna in the rupee of abkari revenue raised in their respective jurisdictions."

Provincial Forest Service.

Rai Sahib E. C. M. MASCARENHAS:—"Mr. President, Sir, the resolution standing against my name runs as follows:—"

"12. This Council recommends to the Government that the two posts of Conservators of Forests recently sanctioned by the Secretary of State for India may be reserved for officers of the Provincial Forest Service."

"I must explain some details about the constitution of and recruitment to the Service. The Forest Service is divided into three parts, viz., the Indian or the Imperial Forest Service, the Provincial or the Madras Forest Service and the Subordinate Forest Service. The Indian Forest Service consists of Conservators, Deputy Conservators and Assistant Conservators. These are recruited in England. The Provincial or the Madras Forest Service consists of Deputy and Extra Assistant Conservators. The Subordinate Forest Service consists of Rangers, Foresters and Forest Guards. The men for the Provincial Forest Service are recruited both directly and also from the Subordinate Forest Service. Some years ago the Public Services Commission enquired into the grievances of the Provincial Forest officers and before that Commission the Provincial Forest Service officers adduced the following evidence:—"

"At the outset we must state that this division of the service into Imperial Forest Service and Provincial or Madras Forest Service is impolitic. Officers who discharge the same duties under similar conditions with identical responsibilities